

# Sustainability Data



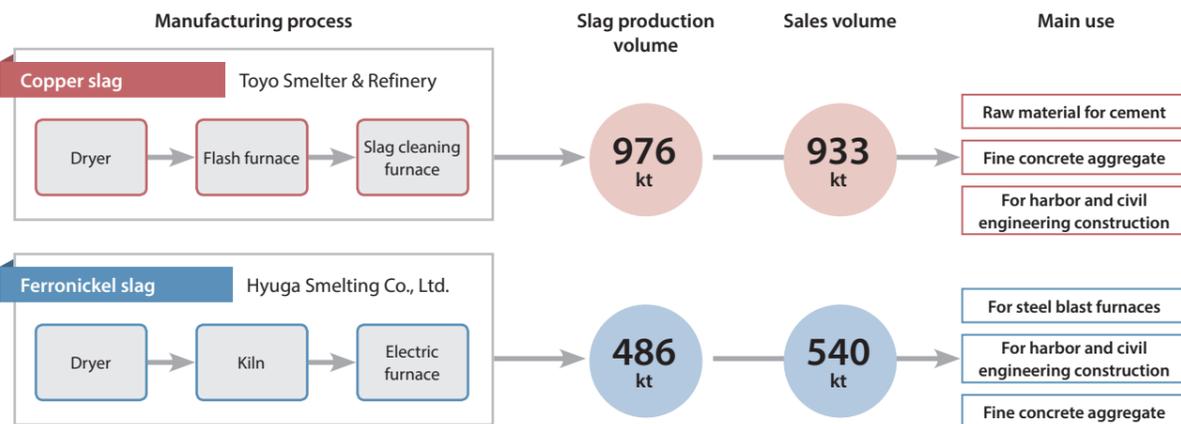
## Effective Use of Resources

### Percentage of Recycled Input Materials Scrapped

| FY  | 2016   | 2017   | 2018   |
|---|--------|--------|--------|
| Total volume of materials used (kt)             | 11,041 | 10,427 | 11,228 |
| Recycled materials (kt)                         | 222    | 221    | 249    |
| Percentage of recycled input materials used (%) | 2.0    | 2.1    | 2.22   |

The SMM Group procures copper and precious metal scrap from the market and recovers valuable and precious metals from electric arc furnace dust and used printed circuit boards, among other sources. Similar to the previous fiscal year, the ratio of recycled materials increased slightly at 24.5% (23.9% in FY2017) as production of electrolytic copper from recycled copper materials was approximately 111 kilotons in FY2018.

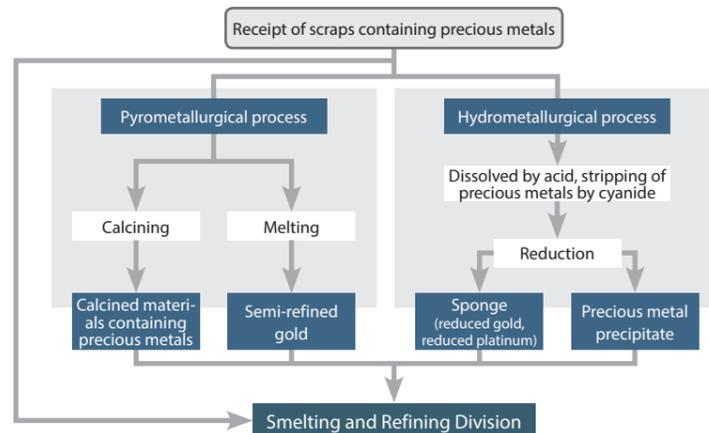
### Slag as a Recycled Material



Copper slag is a by-product produced during smelting at the Toyo Smelter & Refinery, which manufactures electrolytic copper. The main use for copper slag (70% of the total volume) is cement production in Japan and overseas. With an iron content of about 40%, copper slag is widely used as a source of iron for cement.

The ferronickel slag at Hyuga Smelting Co., Ltd., which manufactures ferronickel used as a raw material for stainless steel, is mainly used at steel blast furnaces. With a magnesia content of about 30%, ferronickel slag is used as a source of magnesia for blast furnace flux.

### Precious Metal Retrieval: Flow Diagram



Collecting the likes of discarded household appliances and discarded electronic parts, as well as scrap created in the manufacturing process of those articles, from across Japan, SMM uses them as raw materials to recover and recycle precious metals (gold, silver, platinum, etc.).

After sorting the collected raw materials into parts that contain precious metals and those that do not, SMM uses the pyrometallurgical or hydrometallurgical process, depending on the composition and other aspects of the parts, to condense them, then transports them to the Toyo Smelter & Refinery.

The Toyo Smelter & Refinery smelts and refines those condensed raw materials along with other copper and precious metal raw materials, then recycles them into high-grade precious metals.



## Global Environmental Considerations

### Environmental Management System and Education

#### Environmental Education

| Name of activity   | Targeted employees  | Purpose, contents (simple overview)  |
|--|---|--|
| EMS Internal Auditor Training Course   | New internal environmental auditors                       | Training of new internal auditors for the EMS conforming to ISO 14001 (2015)   |
| EMS Internal Auditor Course for updating to the ISO 14001 (2015) standard      | Internal environmental auditors                           | Updating internal auditors with qualifications conforming to ISO 14001 (2004) to the 2015 version  |
| Environmental e-learning (Environmental Laws)                                  | Managers and supervisors, internal environmental auditors | Explanation of Japan's mandatory standards   |
| Environmental e-learning (Environmental Laws, Basic)                           | Managers and supervisors, internal environmental auditors | Promote understanding of the spirit and idea of Japan's laws   |
| Education of newly-appointed business site general managers                    | Newly-appointed business site general managers            | Promote understanding of the importance of the relationship between corporations and the environment and raise self-awareness and environmental awareness as the business site general manager |
| Conference for environment managers  | Environment managers of each of the business sites        | Improve knowledge of Japan's environmental laws and regulations, enhance environmental management capabilities, raise self-awareness   |
| Periodically send out information  | Business site general managers                            | Periodically provide information about revisions of laws and important precedents via an e-mail magazine   |
| Compliance training  | Business site general managers                            | Provide information about environment-related compliance and raise self-awareness  |
| Education about environmental preservation for mid-career hires                | Mid-career hires at the Head Office                       | Impart knowledge about the SMM Group's environmental preservation initiatives  |
| Education about environmental preservation for new employees                   | Newly hired management track employees at the Head Office | Impart knowledge about the SMM Group's environmental preservation initiatives and raise self-awareness   |
| Education about environmental preservation for newly-promoted section managers | Newly-promoted section managers                           | Provide information about the SMM Group's environmental preservation initiatives and raise self-awareness  |
| Periodic education about the Chemical Substances Control Law                   | Division environment managers                             | Overview of the Chemical Substances Control Law, checking for revision information, and preventing omissions of notification   |
| Explanatory meeting: overseas chemical substance regulations                   | Head Office sales representatives                         | Impart knowledge to sales representatives about overseas chemical substance regulations and raise their self-awareness   |

#### Laws Covered in the Environmental e-learning Courses

| Environmental Laws  | Environmental Laws, Basic   | Environmental Laws                               | Environmental Laws, Basic                 |
|---|---|--|---|
| Basic Environment Act   | Basic Environment Act   | Water Pollution Control Act                      | Water Pollution Control Act               |
| —   | Basic Act on Biodiversity   | Soil Contamination Countermeasures Act           | —   |
| Basic Act on Establishing a Sound Material-Cycle Society  | Basic Act on Establishing a Sound Material-Cycle Society                                      | PRTR Law   | PRTR Law                                  |
| —   | Act on the Promotion of Environmental Conservation Activities through Environmental Education | Poisonous and Deleterious Substances Control Act | —   |
| —   | Law Concerning the Promotion of Business Activities with Environmental Consideration          | Waste Management and Public Cleansing Act        | Waste Management and Public Cleansing Act |
| —   | Act on Promotion of Global Warming Countermeasures  | PCB Special Measures Law                         | —   |
| —   | Act on Promotion of Rational Use, etc. of Energy  | —  | Act on Promoting Green Purchasing         |
| Act on the Rational Use, etc. of Energy   | Act on the Rational Use, etc. of Energy   | —  | —   |
| Air Pollution Control Act (including the content of the Act on Pollution Prevention Systems in Specified Factories) | Air Pollution Control Act   | —  | —   |

The SMM Group has established two e-learning courses on environmental laws with the objective of raising levels of compliance. Employees, especially managers and supervisors involved in environmental management and internal environmental auditors, are taking part in those courses.

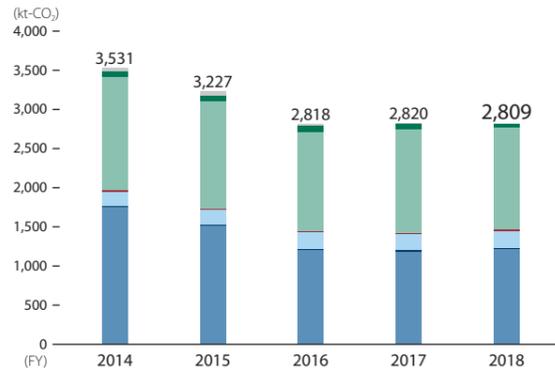
The e-learning course on Japan's main environmental laws covers ten laws that are deeply related to the businesses of the SMM Group and provides explanations of mandatory standards and notification procedures. As failing to comply with these requirements constitutes a violation of the law, employees must be certain to keep them in mind when conducting business.

Given not only compliance with regulations and obligations, but also the voluntary risk management and information disclosure demanded of businesses today, the Group offers an e-learning course called Environmental Laws, Basic that serves as a stepping stone for properly conducting business. This course covers 12 laws, including the Basic Environment Act and the Basic Act on Biodiversity.

## Sustainability Data

### Prevention of Global Warming

#### CO<sub>2</sub> Emissions

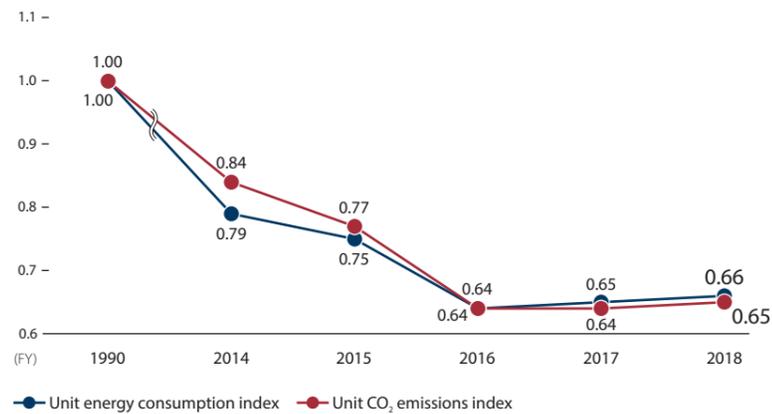


■ Smelting & refining business in Japan
 ■ Mineral resources business in Japan  
■ Battery materials business and advanced materials business  
■ Other businesses in Japan
 ■ Smelting & refining business overseas  
■ Mineral resources business overseas
 ■ Materials business overseas

With regard to CO<sub>2</sub> emissions by the SMM Group in FY2018, although the Group reduced those emissions through energy-saving activities and other endeavors as well as through the sale of the Pogo Gold Mine, the increase in its production of copper and battery materials in Japan was largely responsible for an increase in emissions that kept CO<sub>2</sub> emissions for the year on par with those in FY2017 at 2,809 kt-CO<sub>2</sub>. Additionally, CO<sub>2</sub> emissions pertaining to transport in Japan, which constitutes indirect emissions, came to 25 kt-CO<sub>2</sub>. The SMM Group will continue to promote energy-saving activities in FY2019 as well, and anticipates reductions of 10 kt-CO<sub>2</sub> for the year. CO<sub>2</sub> emissions reduced due to solar power generated at the solar power plant operated by the Group in Kashima, Ibaraki Prefecture came to approximately 1.8 kt-CO<sub>2</sub> in FY2018.

Figures for both Japan and overseas were calculated using emission factors derived in a manner conforming to the "Act on Promotion of Global Warming Countermeasures" of Japan. Figures include non-energy-derived CO<sub>2</sub> emissions (378 kt-CO<sub>2</sub>), which are not subject to the Act on Promotion of Global Warming Countermeasures, in addition to CO<sub>2</sub> emissions that accompany emissions activities, which are subject to said Act. CO<sub>2</sub> emissions derived from purchased electricity in Japan were calculated in a manner conforming to the market-based methods using emission factors of electric power suppliers. For overseas emission factors, the most recent per-country emission factors disclosed by the International Energy Agency (IEA) were used.

#### Unit Energy and CO<sub>2</sub> Emissions Index<sup>1</sup> (Scope: Smelting and refining business in Japan)



In the SMM Group's smelting and refining business in Japan, unit energy for FY2018 was on a par with that for FY2017. This is likely due to the fact that a degradation in unit energy resulting from decreases in the production volumes of nickel and ferronickel was offset by an increase in the production of nickel sulfate and the effects of improvements from energy-saving activities, which served to curb the increase in unit energy.

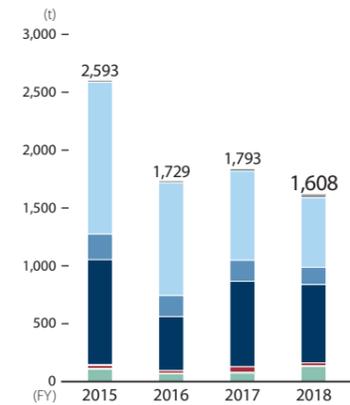
SMM is a member of the Japan Mining Industry Association (JMIA), an organization of nonferrous metal smelters, as well as a participant in The Commitment to a Low Carbon Society led by the Japan Business Federation (Keidanren).

The SMM Group will also continue to proactively tackle thorough energy management, the promotion of energy-saving activities, the introduction of renewable energy, the use of unutilized heat and other endeavors as it aims to reduce unit energy by an average of at least 1% per year and further lower CO<sub>2</sub> emissions over the medium to long term.

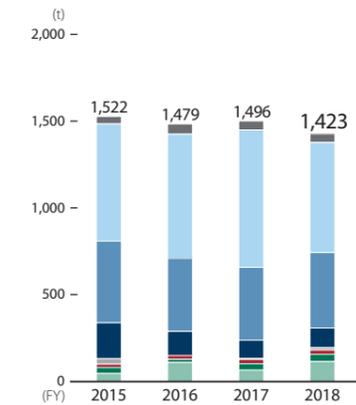
1. Unit energy and CO<sub>2</sub> emissions index: The amount of energy consumed and CO<sub>2</sub> emitted during the production of 1 ton of product, assuming the FY1990 value to be 1 (including fuels used as reducing agents).

#### Emissions into the Atmosphere

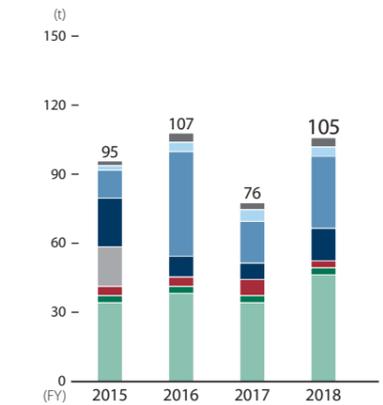
##### Volume of SOx Emissions



##### Volume of NOx Emissions



##### Volume of Soot and Dust Emissions



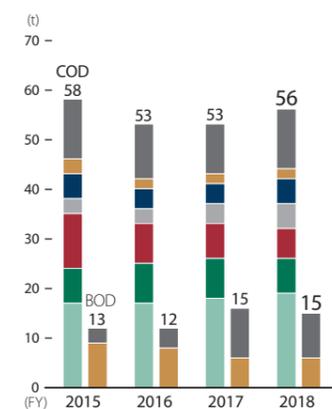
■ Toyo Smelter & Refinery
 ■ Niihama Nickel Refinery
 ■ Shisaka Smelting Co., Ltd.
 ■ Harima Refinery
 ■ Hyuga Smelting Co., Ltd.
 ■ CBNC
 ■ THPAL
 ■ Other

The volume of SOx emissions during FY2018 decreased by about 10% year-on-year. Hyuga Smelting Co., Ltd. saw a decrease of about 8% largely due to the grade of raw materials. Taganito HPAL Nickel Corporation saw a decrease of 22% due to the grade of coal and the state of operation, among other factors. Changes in the volume of NOx emissions remained flat with a decrease of about 5% year-on-year. The volume of soot and dust emissions increased by about 39% year-on-year. At Coral Bay Nickel Corporation, that figure increased by about 75% due to the status of exhaust system equipment.

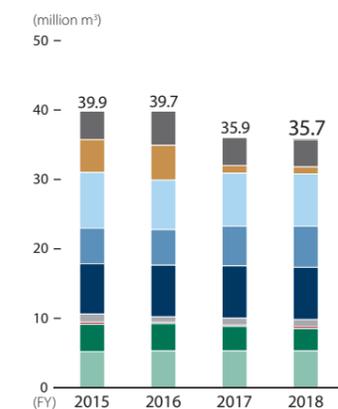
Each emissions figure was calculated based on the measurement of flue gas.

#### Emissions into Water

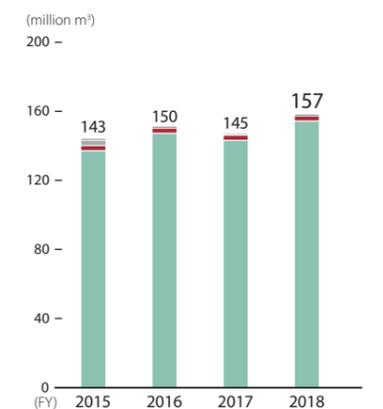
##### COD and BOD Pollutant Loads



##### Freshwater Withdrawal Volume



##### Seawater Withdrawal Volume



■ Toyo Smelter & Refinery
 ■ Niihama Nickel Refinery
 ■ Shisaka Smelting Co., Ltd.
 ■ Harima Refinery
 ■ Hyuga Smelting Co., Ltd.
 ■ CBNC
 ■ THPAL
 ■ All mining operations
 ■ All other operations

The COD<sup>1</sup> pollutant load in FY2018 increased by about 6% over FY2017, while the BOD<sup>2</sup> pollutant load was very much the same year-on-year. Many SMM Group business sites face onto Japan's Seto Inland Sea and are subject to controls on the total amounts of COD, nitrogen and phosphorous emissions under the Act on Special Measures Concerning Conservation of the Environment of the Seto Inland Sea.

The volume of freshwater consumption was very much the same year-on-year at approximately 36 million m<sup>3</sup>. In this calculation, diversion water<sup>3</sup>, which is unrelated to production, is excluded from withdrawal and release at mines. The volume of seawater consumption increased by about 8% year-on-year. This was attributable to the increase in production volume at the Toyo Smelter & Refinery.

1. COD (Chemical Oxygen Demand): Measured for emissions into seas, including emissions into rivers flowing into enclosed seas.

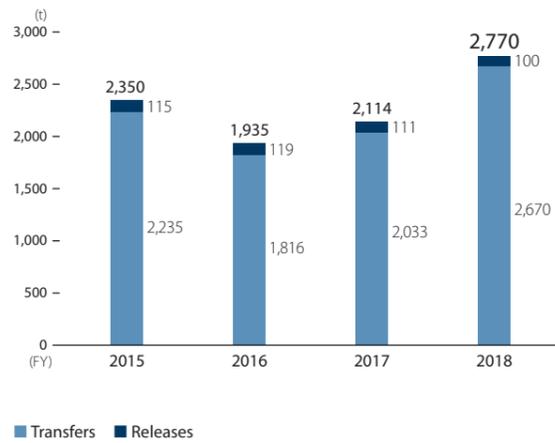
2. BOD (Biochemical Oxygen Demand): Measured for emissions into rivers, excluding emissions flowing into enclosed seas.

3. Diversion water: Water that flows into the site as an input and flows out of the site as an output without being used for production purposes. Included starting with data for FY2017.

## Sustainability Data

### Release Control for Chemical Substances

Release and Transfer Volume of PRTR Substances



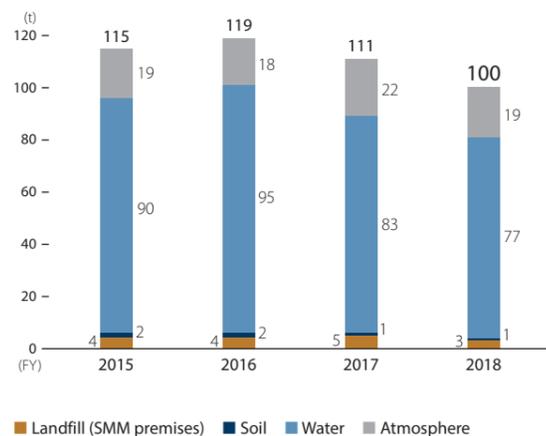
An overview of releases and transfers of chemical substances based on Japan's Pollutant Release and Transfer Register (PRTR) system in FY2018 is as follows.

The number of data-submitting sites in the SMM Group was 25 (27 in FY2017). The Group has 43 substances requiring registration (45 in FY2017). The total release and transfer volume (releases + transfers) came to 2,770 t, an increase of about 31% year-on-year, due to an increase in manganese transferred outside of business sites resulting from an increase in the volume of iron clinker<sup>1</sup> to undergo final disposal as industrial waste after being generated as a byproduct at Shisaka Smelting Co., Ltd.

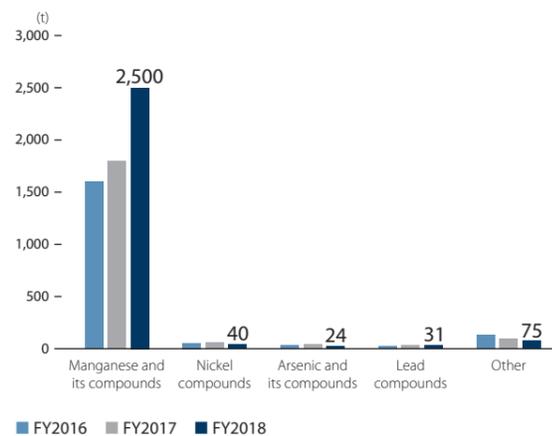
For release volume, discharges into the atmosphere decreased by about 14%. The main factor behind this was a decrease in releases of dichloromethane at the Ome District Division. In addition, there are no discharges zone-depleting substances. Discharges into water decreased by about 7%. The main factor behind this is likely decreases in both the concentration of boron in eruptions of water and in eruption volume at Hishikari Mine.

1. Iron clinker: The residue remaining during the processing of electric arc furnace dust after recovering zinc. The residue able to be sold is called "iron pellets," and the residue to be disposed of is called "iron clinker."

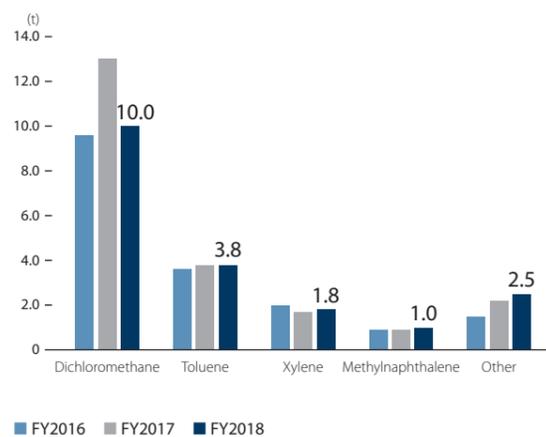
Breakdown of Releases, by Destination



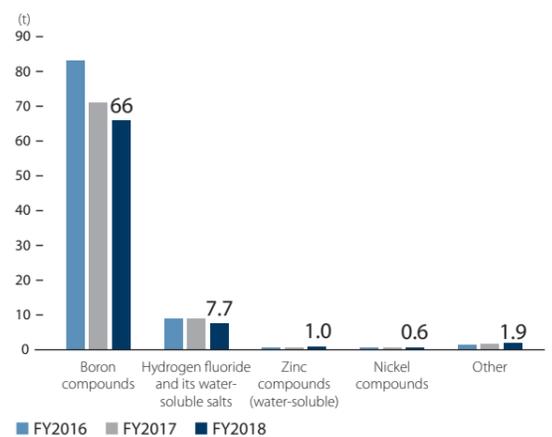
Breakdown of Transfers



Breakdown of Releases into the Atmosphere

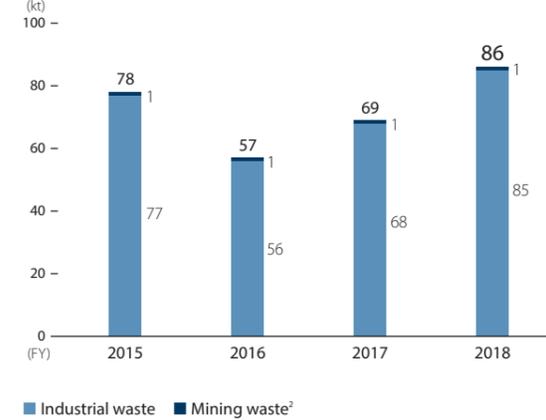


Breakdown of Releases into Water



### Final Disposal Volumes of Industrial and Mining Waste in Japan

Final Disposal Volumes<sup>1</sup> of Industrial and Mining Waste in Japan



The SMM Group has long been making efforts to reduce industrial waste in Japan and the amount of wastewater sludge (mining waste) that undergoes final disposal from the mine-affiliated Toyo Smelter & Refinery. The total final disposal volume in FY2018 was 86 kt, which was an increase of about 17 kt from FY2017. The main factor behind this increase was an increase in the final disposal volume of iron clinker at Shisaka Smelting Co., Ltd.

1. Includes waste destined for landfills and incineration without heat recovery.  
2. Mining waste in the form of wastewater sludge generated by mine-affiliated Toyo Smelter & Refinery that is landfilled within the business site.

### Waste by Type and Treatment Method (FY2018)

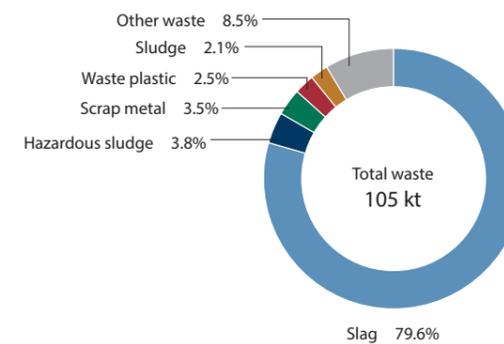
Volume of Waste (Hazardous<sup>3</sup>/Non-hazardous<sup>4</sup>)

| Treatment method <sup>5</sup> | Volume of Waste (kt) |           |               |
|-------------------------------|----------------------|-----------|---------------|
|                               | Total                | Hazardous | Non-hazardous |
| Recycling                     | 19                   | 5         | 14            |
| Landfill                      | 7,655                | 83        | 7,572         |
| Incineration                  | 1                    | 0         | 1             |
| Volume reduction, etc.        | 2                    | 1         | 1             |
| <b>Total</b>                  | <b>7,677</b>         | <b>89</b> | <b>7,588</b>  |

3. In general, this depends upon definitions in the countries concerned. Since Japan does not have such laws or regulations, SMM applies the following definition: "Specially controlled industrial waste and waste delivered to controlled landfill sites (excluding designated inert waste that should have been delivered to landfill sites for inert industrial waste, but was disposed of at controlled landfill sites due to the distance limitation)."

4. Waste other than hazardous waste.  
5. Treatment methods outside of the company were verified based on the written agreement with the disposal company and the manifest.

Breakdown of Industrial Waste (in Japan) by Type of Waste



## Sustainability Data

### Material Flows within Business Activity (FY2018)

INPUTS (Resources & Energy)

| Raw Materials                       |          | Recycled Materials <sup>1</sup>             |        | Materials                         |          |
|-------------------------------------|----------|---|--------|-----------------------------------|----------|
| Gold and silver ore                 | 730 kt   | Copper scrap                                | 146 kt | Silica sand (for copper smelting) | 154 kt   |
| Copper concentrates                 | 1,472 kt | Secondary zinc                              | 17 kt  | Chemicals (lime-based)            | 1,149 kt |
| Nickel oxide ore                    | 8,409 kt | Secondary precious metals                   | 2 kt   | Chemicals (sodium-based)          | 107 kt   |
| Nickel matte, etc.                  | 40 kt    | Scrap for metalworking                      | 0.0 kt | Chemicals (magnesium-based)       | 15 kt    |
| Raw material for batteries          | 77 kt    | Electric arc furnace dust                   | 84 kt  | Sulfuric acid                     | 557 kt   |
| ALC raw material, incl. silica rock | 196 kt   | ALC waste                                   | 189 t  | Cement, etc.                      | 123 kt   |
| Raw material for metalworking       | 0.1 kt   | Percentage of recycled input materials used |        |                                   |          |
| Hydrotreating catalyst raw material | 55 kt    | <b>2.22%</b>                                |        |                                   |          |

| Energy <sup>2</sup>             | Consumption   | Energy Value     |
|---------------------------------|---------------|------------------|
| <b>Non-renewable sources</b>    |               |                  |
| Heavy oil                       | 51,155 kL     | 2,093 TJ         |
| Coal/coke                       | 511,058 t     | 13,193 TJ        |
| Diesel/gasoline/kerosene        | 19,950 kL     | 748 TJ           |
| LPG                             | 9,037 t       | 459 TJ           |
| City gas/natural gas            | 9,221 ML      | 418 TJ           |
| Purchased electricity           | 1,598,914 MWh | 15,578 TJ        |
| Purchased steam                 | 68,016 GJ     | 69 TJ            |
| <b>Sub-total</b>                |               | <b>32,558 TJ</b> |
| <b>Renewable sources</b>        |               |                  |
| Wood pellets                    | 1,469 t       | 28 TJ            |
| <b>Total energy consumption</b> |               | <b>32,586 TJ</b> |

| Water <sup>3</sup>   |                 |
|--|-----------------|
| Total volume of fresh water withdrawn                            | 35,672 ML       |
| Surface water (rivers)   | 13,902 ML       |
| Rain water   | 79 ML           |
| Groundwater  | 6,843 ML        |
| Industrial water (water from another organization)               | 14,444 ML       |
| Tap water (water from another organization)                      | 404 ML          |
| Volume of seawater withdrawn                                     | 156,686 ML      |
| <b>Total volume of water consumed from all areas<sup>4</sup></b> | <b>8,615 ML</b> |

- Does not include materials recycled within plants.
- Calorific values for both Japan and overseas are calculated using coefficients conforming to the Japanese Act on the Rational Use, etc. of Energy for fuel, heat, electricity, etc. that were consumed in business activities both in Japan and overseas. Fuels used as reducing agents are also included. Energy value indicates the energy input in the case of purchased electricity and purchased steam, and calorific value for all others.
- SMM uses the WWF/DEG Water Risk Filter to determine regions with high water stress. As a result of this, there are no areas of high water stress at SMM Group's production sites.
- The total water consumption is estimated by subtracting the total amount of water discharged from the total amount of water withdrawn.

## Consideration of Biodiversity

### Business Activities in Areas of High Biodiversity Value<sup>1</sup> (FY2018)

| Area            | Size of production site (hectares)    | Details  |
|-----------------|---------------------------------------|--|
| Seto Inland Sea | 62<br>(Minoshima & Ienoshima islands) | Shisaka Smelting Co., Ltd. operates on Minoshima and Ienoshima islands, neighboring Setonaikai National Park (IUCN Category 2) |
| The Philippines | 428                                   | Coral Bay Nickel Corporation operates on Palawan Island (in hunting-prohibited and bird protection areas (IUCN Category 4))    |

- Protected areas classified as Category 4 and above by the International Union for Conservation of Nature (IUCN) and neighboring areas (SMM research). Areas classified as Category 1 are of highest priority.

Currently, there are no projects in any region requiring the preparation of a management plan.

OUTPUTS (Products & Emissions)

| Products  |          | Emissions into the Atmosphere                        |  | Emissions into Water  |              |
|---|----------|--|--|---|--------------|
| Electrolytic copper                               | 454 kt   | CO <sub>2</sub>                                      | 2,835 kt   | Total wastewater  | 183,977 ML   |
| Gold  | 21 t     | Direct emissions <sup>2</sup>                        | 1,839 kt<br>(Decrease of 20 kt compared to the previous fiscal year) | Discharges into seas <sup>5</sup>   | 183,060 ML   |
| Dore <sup>1</sup>                                 | 5 t      | Indirect emissions <sup>3</sup>                      | 971 kt<br>(Increase of 9 kt compared to the previous fiscal year)    | Discharges into rivers  | 867 ML       |
| Silver  | 233 t    | Emissions during transportation (Japan) <sup>4</sup> | 25 kt<br>(Increase of 2 kt compared to the previous fiscal year)     | Underground seepage   | 0 ML         |
| Electrolytic nickel                               | 57 kt    | SOx  | 1,608 t  | Sewerage, etc.  | 50 ML        |
| Nickel sulfate                                    | 14 kt    | NOx  | 1,423 t  | COD (chemical oxygen demand)  | 56 t         |
| Electrolytic cobalt                               | 4 kt     | Soot and dust  | 105 t  | BOD (biochemical oxygen demand)   | 15 t         |
| Crude zinc oxide                                  | 35 kt    | PRTR substances                                      | 19 t   | <b>Total phosphorus</b>   | <b>2 t</b>   |
| Ferronickel                                       | 73 kt    | <b>Waste (including Items of Value)</b>              |  |   |              |
| Battery materials                                 | 43 kt    |  |  |   |              |
| Sulfuric acid                                     | 505 kt   | Total waste  | 7,677 kt   | <b>Total nitrogen</b>   | <b>102 t</b> |
| Slag  | 1,461 kt | <b>Breakdown of total waste</b>                      |  |   |              |
| Processed metal products                          | 0 kt     |  |  |   |              |
| Hydrotreating catalysts                           | 9 kt     | Spoil  | 448 kt   | PRTR substances (discharged into public water areas)                                | 77 t         |
| ALC (Siporex)                                     | 401 ML   | Flotation tailings                                   | 444 kt   | PRTR substances (discharged into the soil or in landfills within business premises) | 4 t          |
| <b>Percentage of products from recycled input</b> |          | Wastewater sludge from CBNC, THPAL, etc.             | 6,678 kt   |   |              |
|   |          | <b>4.85%</b>   | Industrial waste (Japan)   | 105 kt  |              |
|   |          | Other  | 2 kt   |   |              |
|   |          | Landfill on company premises                         | 7,571 kt   |   |              |
|   |          | PRTR substances <sup>6</sup>                         | 2,770 t  |   |              |

- Ingots of rough gold, before refining.
- Direct emissions for both Japan and overseas are calculated using emission factors conforming to the Japanese Act on Promotion of Global Warming Countermeasures. This includes non-energy-derived CO<sub>2</sub> emissions (378 kt-CO<sub>2</sub>) that are outside the scope of the law. CO<sub>2</sub> from wood pellets is not included.
- The amount of CO<sub>2</sub> emissions from electric power purchased in Japan is calculated with the market-based method using emission factors of electric suppliers. For overseas emission factors, we used the latest emission factors for each country as published by the IEA. The amount of indirect emissions was 860 kt-CO<sub>2</sub>, when calculating both Japan and overseas with the location-based method using IEA country-specific emission factors.
- Emissions during transportation in Japan are calculated in line with the Act on the Rational Use, etc. of Energy and the Act on Promotion of Global Warming Countermeasures.
- Discharges into rivers flowing into enclosed seas are included as "discharges into seas."
- Total transfers to sewerage and off-site transfers.

### Amount of Land Developed or Rehabilitated (FY2018)

(hectares)

|                                  | A: Total area of land not rehabilitated (as of the end of FY2017) | B: Area of land newly developed in FY2018 | C: Area of land newly rehabilitated in FY2018 | D: Total area of land developed but not rehabilitated (A+B-C) |
|----------------------------------|---|---|---|---|
| Hishikari Mine                   | 22 <sup>1</sup>   | 0   | 0   | 22  |
| Coral Bay Nickel Corporation     | 276   | 0   | 2   | 274   |
| Taganito HPAL Nickel Corporation | 429   | 0   | -3 <sup>2</sup>                               | 432   |

- The value has been revised as a result of carefully inspecting the total area of land as of the end of FY2017.
- Following remeasurement conducted under an audit by local authorities, the area excluded from certification as rehabilitated, because of destruction by fire or mountain withering as of FY2018, has been subtracted. In addition to the rehabilitated area within the above development site, Taganito HPAL Nickel Corporation is also advancing rehabilitation activities in nearby regions outside of the site. As of FY2018, 355 hectares have been certified as rehabilitated area in total.

Sustainability Data



Contribution to Society and Local Communities

■ Presence in the Local Economy

Number of Locally-Hired Senior Managers (General Managers and above) and Employees at Overseas Affiliates (March 31, 2019)

| Name of company (Country or region)                                 | Senior managers |        | Percentage <sup>1</sup> | Locally-hired employees <sup>2</sup> |
|---|-----------------|--------|-------------------------|--------------------------------------|
|   | Male            | Female |                         |                                      |
| Sumitomo Metal Mining Philippine Holdings Corporation (Philippines) | 1               | 1      | 3%                      | 67                                   |
| Taganito HPAL Nickel Corporation (Philippines)                      | 1               | 0      | 0.2%                    | 624                                  |
| Coral Bay Nickel Corporation (Philippines)                          | 2               | 0      | 0.4%                    | 558                                  |
| Sumitomo Metal Mining Management (Shanghai) Co., Ltd. (China)       | 0               | 0      | —                       | 9                                    |
| Sumitomo Metal Mining Peru S.A. (Peru)                              | 2               | 0      | 9%                      | 23                                   |
| SMM KOREA Co., Ltd. (South Korea)                                   | 1               | 0      | 25%                     | 4                                    |
| Shanghai Sumiko Electronic Paste Co., Ltd. (China)                  | 2               | 0      | 5%                      | 39                                   |
| Taiwan Sumiko Materials Co., Ltd. (Taiwan)                          | 1               | 0      | 4%                      | 25                                   |
| Dongguan Sumiko Electronic Paste Co., Ltd. (China)                  | 1               | 1      | 13%                     | 15                                   |

1. Percentage: number of senior managers ÷ locally hired employees x 100.

2. Employees hired directly by overseas affiliated companies and excluding workers on loan and transferred workers.

Percentage of Payments to Local Suppliers and Local Employment

| Name of company or business site <sup>1</sup><br>(payment area) | Local procurement (FY2018) <input checked="" type="checkbox"/> |                         | Local employment, percentage <sup>2</sup><br>(March 31, 2019) |
|---|--|-------------------------|---|
|   | Payment to the area  | Percentage <sup>3</sup> |   |
| Niihama District <sup>4</sup> (Ehime Prefecture)                | ¥12.8 billion  | 46%                     | 82%   |
| Coral Bay Nickel Corporation (Philippines)                      | \$61 million   | 43%                     | 58%   |
| Taganito HPAL Nickel Corporation (Philippines)                  | \$99 million   | 44%                     | 43%   |
| Hishikari Mine (Kagoshima Prefecture)                           | ¥1,138 million   | 57%                     | 88%   |
| Sumiko Energy Materials Co., Ltd. (Fukushima Prefecture)        | ¥421 million   | 32%                     | 78%   |
| Shanghai Sumiko Electronic Paste Co., Ltd. (China)              | CNY 132 million  | 28%                     | 93%   |

1. Totaled for the three core segments (Mineral Resources, Smelting & Refining, and Materials), business sites that are not only necessary for the business, but are also relatively large-scale (one domestic, one overseas site for each segment).

2. Percentage of local hiring: number of employees from the payment area ÷ total employees x 100.

3. Percentage of payments: amount of payments to payment area ÷ amount of total procurement payments x 100.

4. Sumitomo Metal Mining Co., Ltd.'s Besshi-Niihama District Division, Toyo Smelter & Refinery, Niihama Nickel Refinery, Isoura Plant and Niihama Research Laboratories.

■ Indirect Economic Impact

Closure Plans for Mines and Smelting Plants

| Business site                    | Details   | Amount                                       | Time period   |
|----------------------------------|---|--|---|
| Hishikari Mine                   | Mine pollution control reserve                                    | ¥23.09 million                               | From 1984   |
| Coral Bay Nickel Corporation     | Closure and cleanup for the refinery and mineral processing plant | Total approx. 110 million pesos <sup>1</sup> | 8 years starting from 2012 (accumulating every year)  |
| Taganito HPAL Nickel Corporation | Expenses required for the closure plan                            | Total approx. 120 million pesos              | 11 years starting from 2016 (accumulating every year) |

1. Expenses according to the closure plan Coral Bay Nickel Corporation submitted to the Department of Environmental and Natural Resources.

Investment in Infrastructure and Support Services

| Region          | Details  | Amount (FY2018) |
|-----------------|--|-----------------|
| Japan           | <ul style="list-style-type: none"> <li>• Donations to scholarship funds for orphans in Iwate, Miyagi, and Fukushima Prefectures, which were hit by the Great East Japan Earthquake (making donations every year since 2012)</li> <li>• Undertaking activities for various types of social contribution, such as support and contributions for healthcare groups and sports organizations, culture and art such as historic and archaeological site preservation activities, and contributions to the Keidanren Nature Conservation Fund</li> </ul>   | ¥100 million    |
| The Philippines | <ul style="list-style-type: none"> <li>• Supporting measures to prevent dengue fever in communities neighboring the plant (awareness activities, spraying insecticide, cleaning activities, etc.)</li> <li>• Undertaking Operation Smile, a program to provide treatment for cleft palates for children, covering all of Palawan, which is where the plant is located (from 2016)</li> <li>• Undertaking a water supply equipment installation project for communities neighboring the plant</li> <li>• Popularizing organic rice cultivation among communities neighboring the plant with the help of technical experts</li> </ul> <p>In the Philippines we are continuing to provide support through SDMP<sup>1</sup> even after closure of the business site, so the residents can make a living.</p> | ¥900 million    |

1. SDMP: Social Development Management Program, conducted by a company for the welfare of residents living in the vicinity of its operating area.

Sustainability Data



Respect for People and Human Rights

Education and Training

Total Time Spent on Employee Education (FY2018)

|                                    | Officers |        | General managers |        | Section managers |        | Regular employees |        | Occasional employees and temporary employees |        | Total  |
|------------------------------------|----------|--------|------------------|--------|------------------|--------|-------------------|--------|--|--------|--------|
|                                    | Male     | Female | Male             | Female | Male             | Female | Male              | Female | Male   | Female |        |
| SMM non-consolidated               | 79       | 0      | 1,561            | 0      | 5,005            | 152    | 23,997            | 4,177  | 484  | 596    | 36,051 |
| Consolidated subsidiaries in Japan | 429      | 0      | 787              | 0      | 3,660            | 12     | 15,190            | 2,162  | 2,018  | 1,386  | 25,643 |
| Consolidated subsidiaries overseas | 168      | 0      | 212              | 43     | 832              | 334    | 12,585            | 5,066  | 64   | 14     | 19,316 |

|  | Officers |        | Managers |        | Regular employees |        | Occasional employees and temporary employees | Total |
|--|----------|--------|----------|--------|-------------------|--------|--|-------|
|  | Male     | Female | Male     | Female | Male              | Female |  |       |
| Annual hours of education per employee (average) <input checked="" type="checkbox"/> | 6.1      | 0.0    | 11.8     | 6.6    | 11.4              | 11.0   | 4.2  | 10.3  |
| Number of officers and employees at the end of the fiscal year                       | 110      | 0      | 1,025    | 82     | 4,541             | 1,038  | 1,093  | 7,889 |

Employee Skill Improvement and Transition Support Program

SMM Human Resources Development Program

|  | Officers | General managers | Section managers   | E-class  | S-class | F-class, J-class |
|--|----------|------------------|--|--|---------|------------------|
| Duty-based program                           |          |                  |  |  |         |                  |
| Development of global human resources        |          |                  | Language training prior to overseas assignment                             | Attend MINTEC  |         |                  |
| 3-yr. program for management track employees |          |                  | Overseas training  | Introductory duty-based OIT for new employees                            |         |                  |
| Seminar for newly promoted employees         |          |                  | Fee assistance for language proficiency tests                              | Overseas assignment  |         |                  |
| Development of next generation of management |          |                  | 2-yr. training program for newly promoted general managers                 | Language training prior to overseas assignment                           |         |                  |
| Mid-career hires                             |          |                  | SMM-MMP  | Global staff registration program  |         |                  |
| Project leaders                              |          |                  | SMM-EMP  | E-class employee seminar   |         |                  |
| Specialized education                        |          |                  | Officers' coaching school  | 3-yr. training program for management track employees                    |         |                  |
| Step up                                      |          |                  | Participate in training and seminars with employees on other career tracks | Second-year training   |         |                  |
| Women's career support                       |          |                  | Project management training  | Short-term overseas training   |         |                  |
| Compliance, governance, RM                   |          |                  | Sponsored training   | Introductory training for mid-career hires                               |         |                  |
| Safety, skills                               |          |                  | Compliance seminar   | Secondary training for mid-career hires on the management track          |         |                  |
| Self-development                             |          |                  | Seminar for group company presidents and officers                          | New employee supervisor training   |         |                  |
| Pre-retirement support                       |          |                  | Seminar on work and labor  | Supervisor/line leader training  |         |                  |
|  |          |                  | Human rights seminars, seminar on promotion of diversity                   | Basic manager training   |         |                  |
|  |          |                  | JCO Study Center training  | Brush-up training  |         |                  |
|  |          |                  | Hazard simulation training   | Outside seminars/workshops   |         |                  |
|  |          |                  | Equipment skills training  | Problem-solving training for office workers                              |         |                  |
|  |          |                  | e-learning   | Pursue higher education in Japan   |         |                  |
|  |          |                  | Company-wide correspondence education                                      | Training in Japan  |         |                  |
|  |          |                  | Education basics course  | Career coaching school   |         |                  |
|  |          |                  | Life plan training (at 50 and 58 years old)                                | Training for management track employees with women from other industries |         |                  |
|  |          |                  | Seminar on balancing work and nursing care                                 | Individual career support  |         |                  |

Diversity and Equal Opportunity

Priority Issues and Main Initiatives Regarding Diversity (FY2018)

| Target    | Initiative  | Specific content   |
|-----------|---|--|
| Systems   | Introduced various work systems as parts of working style reform                                  | Tested and introduced optional staggered working hours, flextime, and a system for working remotely  |
|           | Revised regulations regarding childcare and nursing care leave                                    | Reviewed regulations regarding childcare and nursing care leave in accordance with revisions to the Child Care and Caregiver Leave Act   |
| Promotion | Enhanced the "Shining Employee" diversity-related internal bulletin board                         | Newly created a page on "support for balancing work and nursing care" in addition to the existing pages on "promoting employment of people with disabilities," and "support for participation by women"                                  |
| Awareness | Held diversity workshops (deepening understanding of diversity through experience-based learning) | Diversity Workshops<br>July 2018: Facing the Project of Nursing Parents<br>August 2018: Let's Learn About LGBT and Consider Workplaces Where Anyone Can Work Comfortably<br>March 2019: Experience Old Age—Meet Yourself from the Future |
|           | Held sign language classes and experience events  | Held sign language classes within the company to improve understanding and promote the employment of people with hearing disabilities  |
| Support   | Child-raising support lunch meetings  | Employees currently raising children met during their lunch break to discuss problems and concerns (held four times)   |
|           | Lectures for women by industrial physicians   | Held lectures on women's health for female employees   |

Employment Ratio of Disabled People Over the Past Six Years

(SMM non-consolidated, average employment ratio over each fiscal year)



Through initiatives such as expanding work areas in which people with disabilities can participate and accepting interns from special-needs schools, we have continuously worked to recruit new employees with disabilities. Since FY2015, we have maintained an employment ratio above the statutory ratio for Japan (2.2% since April 2018).

Human Rights Assessment

Current Status of the Implementation of the Basic Survey into Employee Human Rights

|                 | Number of business sites for which human rights due diligence was performed in FY2016 | Number of business sites eligible for the basic survey into employee human rights | Implementation ratio |
|-----------------|---|---|----------------------|
| Japan           | 39  | 40  | 98%                  |
| China           | 4   | 7   | 57%                  |
| U.S.A.          | 2   | 6   | 33%                  |
| Chile           | 1   | 4   | 25%                  |
| Philippines     | 3   | 3   | 100%                 |
| Peru            | 1   | 2   | 50%                  |
| Canada          | 0   | 2   | 0%                   |
| Netherlands     | 0   | 2   | 0%                   |
| Australia       | 1   | 1   | 100%                 |
| Malaysia        | 1   | 1   | 100%                 |
| Taiwan          | 1   | 1   | 100%                 |
| Brazil          | 1   | 1   | 100%                 |
| Solomon Islands | 1   | 1   | 100%                 |
| South Korea     | 1   | 1   | 100%                 |
| Singapore       | 0   | 1   | 0%                   |
| Total           | 56  | 73  | 77%                  |

Sustainability Data

Social and Environmental Assessment Initiatives

| Target    | Specifics  | FY2018 results  |
|-----------|--|---|
| Employees | <p><b>Human rights management program</b><br/>• We started operating a human rights management program for employees<sup>2</sup> in FY2014. On-site inspections are conducted, as required, at sites where issues have been identified.</p> <p><b>Human rights seminars</b><br/>• Every year, we conduct education on human rights, including the SMM Group Policy on Human Rights, for all Group employees in December, which has World Human Rights Week. Attendance: 100%</p> <p>• We hold lectures, education for employees scheduled to be posted overseas and promoted individuals, and periodic human rights seminars.<br/>Total time devoted to training: 6,014 hours</p> <p><b>Preventing harassment</b><br/>• We have established a contact person for sexual harassment and other incidents concerning human rights, as well as appointing a harassment prevention personnel, at each business facility.</p> <p><b>Fact-finding surveys</b><br/>• We conduct surveys into the work environment at each business site to understand the actual situation regarding harassment, compliance, and communication, and identify any demand.<br/>• We commission an external specialized organization to conduct an Employee Satisfaction Survey every three years, to understand employees' demands and satisfaction regarding the Company.</p>   | <p>In FY2018,<sup>1</sup> the following incidents occurred and were dealt with appropriately:<br/>Incidents involving discrimination: 0<br/>Incidents involving harassment: 3<br/>Complaints regarding harm on human rights: 0</p> <p>There were no reports of cases involving child labor or forced labor.</p> <p>There were no serious infringements upon freedom of association.</p> <p>There were no reports across the entire Group, in Japan and overseas, of plants closing due to actions such as strikes.</p>  |
|           | <p><b>Human rights management program</b><br/>For our human rights management program, every three years we conduct a questionnaire-based survey on human rights,<sup>3</sup> targeting around 40 of the biggest suppliers to the Mineral Resources, Non-Ferrous Metals, and Materials Divisions, and the Purchasing Department, in terms of annual transactions. Last conducted in 2018. Since 2015, we have implemented an initiative in which every year, the Purchasing Department and the Mineral Resources, Non-Ferrous Metals, and Materials Divisions, each select one company for an on-site inspection. In FY2018, we inspected four companies (16 total since the initiative began).</p> <p><b>Environmental assessment</b><br/>When the smelting and refining business selects a new mine as a supplier, we assess how that mine carries out environmental management, including water management and tailings dams. In FY2018, we selected one new supplier through the environmental due diligence process stated above.</p> <p><b>Starting/ceasing operations</b><br/>When making investments or equity contributions, we use a project risk check sheet for committees, primarily the Management Committee, to carry out deliberations regarding human rights issues such as discrimination, forced labor, and child labor, and also the political system, economy, law and order, locally-specific diseases, labor issues, religious restrictions, and the impact on the local community.</p>   | <p>In FY2018, there were no suppliers identified as having current or potential problems or issues.</p> <p>There were also no reports of cases involving child labor or forced labor.</p> <p>In FY2018, there were two new investment agreements proposed to the Management Committee, and both of these were screened for human rights issues<sup>4</sup>. Currently, no issues have been identified at either company, but we are continuing to monitor regularly. There was also one case of the company withdrawing from a business. Screening for human rights issues was conducted in this case, but no issues were identified.</p> |
|           | <p><b>Relocation of local citizens for development</b><br/>There are occasions when we inevitably have to ask local citizens to relocate to make way for development of the mine or the construction of associated facilities. On such occasions, we seek the understanding of local citizens and offer alternative land. For the Hishikari Mine, from 1983 to 1989 three households in total were asked to relocate. For Taganito HPAL Nickel Corporation, we asked 41 households in areas to be affected by the plant's construction to relocate.<sup>5</sup></p> <p><b>Human rights management program</b><br/>Preparations are underway to implement a human rights due diligence process covering local citizens in regions around our overseas business sites.</p> <p><b>Impact assessment</b><br/>During the approval and authorization process for operations at the Hishikari Mine, we provide explanations regarding development to citizens living in areas around the mine and have concluded a pollution prevention agreement under which we report and make revisions as appropriate.</p> <p><b>Consideration in biodiversity</b><br/>To preserve the ecosystems as well as the foundation of life for communities in the area around the Hishikari Mine, SMM conducts annual environmental monitoring surveys checking 18 items and analyzing water quality, as well as rice paddy soil, unpolished rice, straw, and other natural elements to check that there are no abnormalities. Every other year, we catch and analyze fish to check for abnormal levels of heavy metals.</p> | <p>As a result of human rights due diligence, there have been no matters for concern, such as complaints from indigenous people, reported regarding any of the mines or smelters and refineries in which SMM has more than a 50% interest.</p> <p>As of July 2018, there were no cases of artisanal and small-scale mining (ASM) with work environment issues in regions where SMM operates, nor did SMM have any programs for involvement in ASM.</p>  |

1. Agreements are entered into with communities in line with the law at all of the mines and smelters and refineries in which the SMM Group has more than a 50% interest.  
 2. A group-wide human rights management program that incorporates a human rights due diligence framework based on the UN's Guiding Principles on Business and Human Rights. We aim to build a structured system to prevent and avoid complicity in either direct or indirect violations of human rights, and to make possible more appropriate responses, including relief, to concerns that arise.  
 3. Questionnaire-based survey on human rights: Includes content investigating forced labor, child labor, discrimination, employee working hours, the appropriateness of compensation, health and safety measures, and labor-management relations.  
 4. A relocation plan was formulated in line with the World Bank's Operational Policy on Involuntary Resettlement. With the agreement of all citizens, the relocation was completed by December 2010. Furthermore, we have continued to provide support since the relocation, including for home repair and maintenance, and programs to help restore livelihoods that encourage getting skills and know-how so the citizens can get income for the rest of their lives.  
 5. This does not include information provided through the SMM Group direct hotlines (see p.102: Compliance—Speak Up System)

Diversity and Employment Opportunities

Information Regarding Employees and Other Workers

Number of Employees & Officers Worldwide (Consolidated) (March 31, 2019)

|                                    | Employees           |                 |           |                 |            |              |            |                   |              |                 |              |              |                      |                                    | Total      | Temporary employees |              |            |
|------------------------------------|---------------------|-----------------|-----------|-----------------|------------|--------------|------------|-------------------|--------------|-----------------|--------------|--------------|----------------------|------------------------------------|------------|---------------------|--------------|------------|
|                                    | Permanent employees |                 |           |                 |            |              |            |                   |              |                 |              |              | Occasional employees |                                    |            |                     |              |            |
|                                    | Full-time officers  | Managers        |           |                 |            |              |            | Regular employees |              |                 |              |              |                      | Non-regular/limited-term employees |            |                     |              |            |
|                                    |                     | Younger than 30 |           | 30-49 years old |            | 50 and older |            | Younger than 30   |              | 30-49 years old |              | 50 and older |                      |                                    |            |                     |              |            |
| Male                               | Female              | Male            | Female    | Male            | Female     | Male         | Female     | Male              | Female       | Male            | Female       | Male         | Female               | Male                               | Female     |                     |              |            |
| SMM nonconsolidated                | 21                  | 0               | 0         | 0               | 175        | 4            | 304        | 4                 | 349          | 78              | 754          | 166          | 508                  | 52                                 | 201        | 35                  | 2,651        | 175        |
| Consolidated subsidiaries in Japan | 62                  | 0               | 0         | 0               | 95         | 2            | 209        | 0                 | 350          | 71              | 1,225        | 278          | 465                  | 67                                 | 198        | 171                 | 3,193        | 274        |
| Consolidated subsidiaries overseas | 27                  | 0               | 49        | 14              | 176        | 51           | 17         | 7                 | 306          | 153             | 538          | 164          | 46                   | 9                                  | 4          | 3                   | 1,564        | 32         |
| <b>Total</b>                       | <b>110</b>          | <b>0</b>        | <b>49</b> | <b>14</b>       | <b>446</b> | <b>57</b>    | <b>530</b> | <b>11</b>         | <b>1,005</b> | <b>302</b>      | <b>2,517</b> | <b>608</b>   | <b>1,019</b>         | <b>128</b>                         | <b>403</b> | <b>209</b>          | <b>7,408</b> | <b>481</b> |

In Japan, 70% of employees belonged to workers' unions. Overseas, two companies  have workers' unions (excluding Chinese labor unions) resulting in a workers' union membership ratio at overseas consolidated subsidiaries of 53%   
 • The number of all employees excluding officers is used as the denominator of the workers' union membership ratio.

Number of Employees & Officers by Country and Region (March 31, 2019)

|        | Japan | U.S.A. | Canada | Netherlands | Peru | Chile | China | South Korea | Philippines | Taiwan | Australia | Brazil | Thailand | Total |
|--------|-------|--------|--------|-------------|------|-------|-------|-------------|-------------|--------|-----------|--------|----------|-------|
| Male   | 4,916 | 4      | 12     | 1           | 22   | 21    | 61    | 2           | 1,006       | 13     | 6         | 14     | 1        | 6,079 |
| Female | 928   | 5      | 1      | 0           | 3    | 7     | 40    | 2           | 321         | 15     | 2         | 2      | 3        | 1,329 |

Excluding temporary employees

Current Situation Regarding Childcare Leave (FY2018) (SMM non-consolidated)

|   | Total                                   | Male                               | Female                                  |
|---|---|------------------------------------|---|
| Employees with the right to take childcare leave <sup>1</sup>   | 119                                     | 104                                | 15                                      |
| Employees who took childcare leave  | 16                                      | 1                                  | 15                                      |
| Employees who took childcare leave during FY2018 and have since returned to work                            | 13                                      | 0                                  | 13                                      |
| Employees who were still working at the company 12 months after returning from childcare leave <sup>2</sup> | 11                                      | 0                                  | 11                                      |
| Ratio of workers who returned after childcare leave and retention rate <sup>3</sup>                         | Return ratio 67%<br>Retention rate 100% | Return ratio —<br>Retention rate — | Return ratio 67%<br>Retention rate 100% |

1. Out of employees who have notified the company of a birth:  
 Male employees—From the day of birth until the day before the child turns one year old.  
 Female employees—From 56 days before the expected delivery date until the last day of the April immediately following the fiscal year (ending March 31) the child becomes one year old (the day before their birthday), or the day the child becomes one and a half years old, whichever is longer.  
 2. The number of employees who returned to work in FY2017 and were still working at the company 12 months later.  
 3. Return ratio: number of people who returned to work in FY2018 ÷ number of people who intended to return to work in FY2018 x 100.  
 Retention rate: number of employees who returned to work in FY2017 and were still working at the company 12 months later ÷ number of employees who returned to work in FY2017 x 100.

Sustainability Data

■ New Hires and Departures (FY2018)

| Location    |                        | Younger than 30 |        | 30–49 years old |        | 50 and older |        | Total |
|-------------|------------------------|-----------------|--------|-----------------|--------|--------------|--------|-------|
|             |                        | Male            | Female | Male            | Female | Male         | Female |       |
| Japan       | New employees          | 128             | 20     | 79              | 16     | 3            | 1      | 247   |
|             | New employee ratio (%) | 18.3            | 13.4   | 3.5             | 3.6    | 0.2          | 0.8    | 4.8   |
|             | Departures             | 40              | 6      | 42              | 7      | 15           | 2      | 112   |
|             | Turnover (%)           | 5.7             | 4.0    | 1.9             | 1.6    | 1.0          | 1.6    | 2.2   |
|             | Total employees        | 699             | 149    | 2,249           | 450    | 1,486        | 123    | 5,156 |
| U.S.A.      | New employees          | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|             | New employee ratio (%) | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|             | Departures             | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|             | Turnover (%)           | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|             | Total employees        | 0               | 1      | 3               | 3      | 0            | 1      | 8     |
| Canada      | New employees          | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|             | New employee ratio (%) | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|             | Departures             | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|             | Turnover (%)           | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|             | Total employees        | 0               | 0      | 8               | 1      | 1            | 0      | 10    |
| South Korea | New employees          | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|             | New employee ratio (%) | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|             | Departures             | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|             | Turnover (%)           | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|             | Total employees        | 0               | 0      | 1               | 2      | 0            | 0      | 3     |
| Peru        | New employees          | 2               | 2      | 8               | 0      | 3            | 0      | 15    |
|             | New employee ratio (%) | 100.0           | 200.0  | 53.3            | 0.0    | 75.0         | 0.0    | 62.5  |
|             | Departures             | 1               | 0      | 2               | 2      | 1            | 0      | 6     |
|             | Turnover (%)           | 50.0            | 0.0    | 13.3            | 100.0  | 25.0         | 0.0    | 25.0  |
|             | Total employees        | 2               | 1      | 15              | 2      | 4            | 0      | 24    |
| Chile       | New employees          | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|             | New employee ratio (%) | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|             | Departures             | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|             | Turnover (%)           | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|             | Total employees        | 3               | 1      | 11              | 3      | 4            | 3      | 25    |
| China       | New employees          | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|             | New employee ratio (%) | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|             | Departures             | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|             | Turnover (%)           | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|             | Total employees        | 13              | 10     | 31              | 27     | 10           | 3      | 94    |

| Location                                  |                        | Younger than 30 |        | 30–49 years old |        | 50 and older |        | Total |
|---|------------------------|-----------------|--------|-----------------|--------|--------------|--------|-------|
|   |                        | Male            | Female | Male            | Female | Male         | Female |       |
| Philippines                               | New employees          | 45              | 20     | 14              | 3      | 0            | 0      | 82    |
|   | New employee ratio (%) | 13.6            | 13.3   | 2.2             | 1.9    | 0.0          | 0.0    | 6.2   |
|   | Departures             | 40              | 9      | 15              | 1      | 2            | 0      | 67    |
|   | Turnover (%)           | 12.0            | 6.0    | 2.4             | 0.6    | 5.3          | 0.0    | 5.1   |
|   | Total employees        | 332             | 150    | 628             | 162    | 38           | 6      | 1,316 |
| Taiwan                                    | New employees          | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|   | New employee ratio (%) | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|   | Departures             | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|   | Turnover (%)           | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|   | Total employees        | 3               | 1      | 6               | 11     | 2            | 3      | 26    |
| Australia                                 | New employees          | 0               | 0      | 1               | 0      | 0            | 0      | 1     |
|   | New employee ratio (%) | 0.0             | 0.0    | 33.3            | 0.0    | 0.0          | 0.0    | 16.7  |
|   | Departures             | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|   | Turnover (%)           | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|   | Total employees        | 1               | 0      | 3               | 2      | 0            | 0      | 6     |
| Brazil                                    | New employees          | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|   | New employee ratio (%) | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|   | Departures             | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|   | Turnover (%)           | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|   | Total employees        | 1               | 0      | 8               | 2      | 4            | 0      | 15    |
| Netherlands                               | New employees          | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|   | New employee ratio (%) | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|   | Departures             | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|   | Turnover (%)           | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|   | Total employees        | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
| Thailand                                  | New employees          | 0               | 3      | 0               | 0      | 0            | 0      | 3     |
|   | New employee ratio (%) | 0.0             | 100    | 0.0             | 0.0    | 0.0          | 0.0    | 100   |
|   | Departures             | 0               | 0      | 0               | 0      | 0            | 0      | 0     |
|   | Turnover (%)           | 0.0             | 0.0    | 0.0             | 0.0    | 0.0          | 0.0    | 0.0   |
|   | Total employees        | 0               | 3      | 0               | 0      | 0            | 0      | 3     |
| Total <input checked="" type="checkbox"/> | New employees          | 175             | 45     | 102             | 19     | 6            | 1      | 348   |
|   | New employee ratio (%) | 16.6            | 14.2   | 3.4             | 2.9    | 0.4          | 0.7    | 5.2   |
|   | Departures             | 81              | 15     | 59              | 10     | 18           | 2      | 185   |
|   | Turnover (%)           | 7.7             | 4.7    | 2.0             | 1.5    | 1.2          | 1.4    | 2.8   |
|   | Total employees        | 1,054           | 316    | 2,963           | 665    | 1,549        | 139    | 6,686 |

Total employees: number of employees as of March 31, 2019.  
 Officers, non-regular and limited-term employees, and temporary employees are not included in the figures for new employees, departures, and total employees.  
 New employee ratio: number of new employees ÷ total employees x 100.  
 Turnover: number of departures ÷ total employees x 100.

Sustainability Data



Occupational Health and Safety (2018)

Occupational Health and Safety Management System

(SMM Group companies)

|  | SMM Group employees in Japan   |                                  | SMM Group employees overseas  |                                  |
|--|--|----------------------------------|---|----------------------------------|
|  | Ratio  | Number of employees <sup>1</sup> | Ratio   | Number of employees <sup>1</sup> |
| Workers covered by an Occupational Health and Safety Management System   | 100% <sup>2</sup>  | 6,763                            | 100% <sup>2</sup>   | 1,355 <sup>4</sup>               |
| Workers covered by an Occupational Health and Safety Management System subject to internal audits <sup>3</sup>         | 100%   | 6,763                            | 100%  | 1,355                            |
| Workers covered by an Occupational Health and Safety Management System subject to third party audits and certification | 24%  | 1,620                            | 3%  | 45                               |
|  | Japan  |                                  | Overseas  |                                  |
| Business sites with third party certification  | Certified business sites<br>OHSAS18001: Nippon Ketjen Co., Ltd.; Hishikari Mine; Hishikari Office, Mining Dept., Sumiko Resources Exploration & Development Co., Ltd.<br>JISHA method OSHMS: Numazu Office and Tsukuba Office of N.E. Chemcat Corporation; Shinko Co., Ltd.; Ome District Division<br>Business sites preparing for ISO 45001 certification<br>Toyo Smelter & Refinery, Niihama Nickel Refinery |                                  | Safety and production standardization (State Administration of Work Safety); DEP<br>Third party audit implemented by the Ministry of Labor: TSM |                                  |

(Regular contractors)

|  | Japan Business Sites  |                                  | Overseas Business Sites |                                  |
|--|---|----------------------------------|-------------------------|----------------------------------|
|  | Ratio   | Number of employees <sup>1</sup> | Ratio                   | Number of employees <sup>1</sup> |
| Workers covered by an Occupational Health and Safety Management System   | 100% <sup>2</sup>   | 1,367                            | 100% <sup>2</sup>       | 2,904                            |
| Workers covered by an Occupational Health and Safety Management System subject to internal audits <sup>3</sup>         | 95%   | 1,297                            | 77%                     | 2,233                            |
| Workers covered by an Occupational Health and Safety Management System subject to third party audits and certification | 2%  | 21                               | 0%                      | 0                                |
|  | Japan   |                                  | Overseas                |                                  |
| Business sites with third party certification  | Certification acquired by one contractor of Hyuga Smelting Co., Ltd. (JISHA method OSHMS) |                                  | None                    |                                  |

1. Includes temporary employees covered by SMM Group occupational health and safety administration.
2. Japan: We have built an occupational health and safety management framework as stipulated by the Japanese Industrial Safety and Health Act, formulated policies, targets, and plans, and implement a one-year PDCA cycle. Activities are carried out for each level of the organization and cover 100% of employees.  
Overseas: We are building in accordance with the occupational health and safety laws and regulations of each country.
3. Japan: Internal audits are carried out at all business sites and are implemented at each business site in turn by the business division with jurisdiction and the Safety & Environment Control Department. The audits confirm each business site's policy, targets, activity plan, and implementation status and ensure a PDCA cycle is being carried out.  
Overseas: The business division with jurisdiction carries out audits around twice a year in the form of patrols.
4. Workers at business sites covered by safety statistics.

Risk Assessment and Accident Investigation

(SMM Group companies)

|   | Japan Business Sites   | Overseas Business Sites  |
|---|--|--|
| Overview of risk assessment (RA) and accident investigation                 | RA has been introduced and we continuously make improvements in regard to risk at business sites. The effectiveness of whether they contribute to reducing serious accidents is reviewed as appropriate under the leadership of the Safety & Environment Control Department.   | RA is being introduced and we continuously make improvements in regard to risk at business sites. The effectiveness of these is reviewed as appropriate. Introduction has not yet been completed at one site.                                |
| Processes for employees to report hazards and employee protection methods   | We receive reports of hazards from employees through near-miss reports, morning meetings, etc., and take necessary measures.   | We receive reports of hazards from employees through near-miss report forms, oral reports, etc. and take necessary measures.   |
| Removing workers from work situations that might lead to illness or injury  | In addition to RA, we reduce risk through methods including various patrols, work observation, hazard prediction training, and mutual attention. <sup>1</sup>  | In addition to RA and hazard prediction activities, we reduce risk through methods including patrols by the business site and patrols by the relevant business division. <sup>1</sup>  |
| Accident investigation and countermeasures and system improvement processes | When accidents occur, we consider and deal with each case through the accident reporting database which stipulates a process that includes, investigating whether RA was implemented, the characteristics of the hazard source, and any background factors, and formulating countermeasures. Measures tackling the hazard source are handled according to the hierarchy of controls, which prioritizes measures targeting equipment. | Investigations and countermeasures are implemented in accordance with systems at each business site. Measures tackling the hazard source are handled according to the hierarchy of controls, which prioritizes measures targeting equipment. |

(Regular contractors)

|   | Japan Business Sites   | Overseas Business Sites   |
|---|--|---|
| Overview of risk assessment (RA) and accident investigation                 | A similar in-house process as the contracting organization is used. (In some cases, using the contracting organization's process.)       | At Coral Bay Nickel Corporation, some contractors are introducing RA initiatives such as 10-second employee hazard prediction, and at Taganito HPAL, some are introducing RA.   |
| Processes for employees to report hazards and employee protection methods   | A framework is in place in which near misses, points to take note of, and the like are reported to the contracting organization.         | A framework is in place so that if either the contracting organization or contractor discovers information such as a near miss, they will contact each other.   |
| Removing workers from work situations that might lead to illness or injury  | In addition to RA, various patrols are implemented by the contracting organization and measures are taken as necessary. <sup>1</sup>     | Measures implemented center on hazard prediction activities. Measures such as patrols by the contracting organization are also implemented. <sup>1</sup>  |
| Accident investigation and countermeasures and system improvement processes | A similar process as the contracting organization is used. (Also using the accident reporting database of the contracting organization.) | Either checks are made by the contracting organization following consideration of the case by the contractor, or the contracting organization works with the contractor to implement an investigation, countermeasures, and improvements. Measures tackling the hazard source are handled according to the hierarchy of controls, which prioritizes measures targeting equipment. |

1. In emergency situations where there is a risk of death, injury, or ill health, workers are to prioritize their own safety and evacuate.

Provision of Occupational Health and Safety Services

|   | Japan Business Sites  | Overseas Business Sites   |
|---|---|---|
| • Hazard simulations  | An experience simulating a hazardous situation. Repeated training is being held based on actual conditions at business sites.   | Once a year a total of about 15 employees from Coral Bay Nickel Corporation, and THPAL receive hazard simulation training in Japan. Preparations are currently underway to install hazard simulation facilities at THPAL.   |
| • Anzen Dojo  | Held twice a year, once in spring and once in fall (up to spring 2018). A plan for 2019 onward is still under discussion. Employees are taught the mechanisms that lead to disasters, and then contribute to activities at their business sites. Over 100 employees have completed this training. | At Coral Bay Nickel Corporation, and THPAL, Japanese employees receive safety training that incorporates Anzen Dojo content twice a year when the relevant business division implements safety patrols.                     |
| • An organizational structure and regulations, including safety managers, qualified personnel, and training plan  | Required by Japanese laws and regulations. Managed by each business site.   | A person responsible for health-related matters is employed in accordance with the occupational health and safety laws and regulations of each country.   |
| • A working environment management framework  | Required by Japanese laws and regulations. Managed by each business site.   | Required by the occupational health and safety laws and regulations of each country.  |
| • Medical examinations (general, specific, specialized), radiation exposure management, action on results of health checkups, and an insurance guidance framework | Required by Japanese laws and regulations. Managed by each business site.   | Required by the occupational health and safety laws and regulations of each country.  |
| • Mental health-related checkups, consultations   | Required by Japanese laws and regulations. Managed by each business site.   | Japanese employees use systems provided by SMM.   |
| • Industrial doctors, health advisors, nurses, etc. (including health consultations)  | Implemented in accordance with the Japanese Industrial Safety and Health Act or agreements are arranged with industrial doctors accordingly. Managed by each business site.   | At Coral Bay Nickel Corporation, and THPAL, industrial doctors are commissioned in accordance with Japanese laws and regulations.   |
| • Internal workshops, small group activities  | Small group activities are held for all employees with Anzen Dojo as a theme and have the aim of improving hazard awareness. Enhancing communication is also included. Managed by each business site.   | Initiatives are implemented accordingly by each business site.  |
| • Lectures from external instructors (life-saving and first aid, traffic accident prevention, etc.)   | Red Cross first aid courses, life-saving courses by the fire department, traffic safety training by the police, etc. Managed by each business site.   | Employees are sent out to first aid and other seminars.   |
| • Emergency rooms and equipment (life-saving and first aid, including AEDs, measures for pandemics or infectious diseases, etc.), an emergency contact network    | There is also an emergency contact network covering the entire company. Managed by each business site.  | Each business site implements measures such as the installation of emergency rooms, AED, and first-aid kits, and the maintenance of an emergency contact network.   |
| • Break rooms   | Provided at business sites as needed, in line with policies related to measures to create a comfortable work environment.   | Managed by each business site.  |
| • Dining halls (nutritionists)  | Can be used by all employees at business sites where they are available.  | Dining halls installed at each business site.   |
| • Laundry rooms   | Can be used by all employees at business sites where they are available.  | Installed at Coral Bay Nickel Corporation, and Taganito HPAL.   |
| • Bath/shower facilities  | Can be used by all employees at business sites where they are available.  | Installed at Coral Bay Nickel Corporation, and Taganito HPAL.   |
| • Company housing and dormitories   | Can be used by all employees at business sites where they are available.  | Installed at Coral Bay Nickel Corporation, and Taganito HPAL.   |
| • Suggestion boxes  | Can be posted through the SMM bulletin board. Internal reporting phone lines are also available.  | Managed by each business site.  |
| • Management of personal information  | Required by Japanese laws and regulations.  | Managed by each business site.  |
| Other: Non-occupational medical and healthcare services   |   |   |
| • Tackling lifestyle-related disease and promotion of health  | Thorough medical checkups (health insurance union subsidies available), other. Can be used by all employees at business sites where they are available. Health promotion activities are also implemented at each business site.   | Managed by each business site.  |
| • Medical and healthcare services not directly connected to operations  | Mental health (external, eMe), guidance for procuring medication, guidance regarding test kits (external organization)  | At Coral Bay Nickel Corporation, and Taganito HPAL, we have installed on-site medical offices where treatment can be received free of charge. We also have a subsidy system covering visits to external medical facilities. |
| • Voluntary health promotion services and programs provided to tackle major health risks not directly connected to operations                                     | Workers have access to occupational health services and health guidance is provided by industrial doctors   | Individual programs are being arranged at Coral Bay Nickel Corporation, and Taganito HPAL.  |

Sustainability Data

**Labor-Management Discussion concerning Occupational Health and Safety (Status of Occupational Health and Safety Committees)**

|                     | Japan Business Sites  | Overseas Business Sites  |
|---------------------|---|--|
| SMM Group companies | Occupational Health and Safety Committee meetings are held every month (with over half of representatives from the labor side at each business site in cases where said business site has more than 50 people, in accordance with stipulations in the Japanese Industrial Safety and Health Act). These provide opportunities to share information and hold discussions concerning occupational health and safety, while decision making is implemented by the people with overall responsibility on the management side (top management), and PDCA cycles are implemented. | Meetings are held once a month at Coral Bay Nickel Corporation, and Taganito HPAL, while at other sites, meetings of bodies comprising both labor and management, such as Occupational Health and Safety Committees, are held every quarter. Management of progress toward safety management targets is implemented. |
| Regular contractors | Occupational Health and Safety Committee meetings and informal gatherings are held every month by contracting organizations in which contractors and others participate and information is shared. This information is taken back to the company where it is shared and used to make notifications.   | Coral Bay Nickel Corporation, and Taganito HPAL only: Contractor safety meetings are held once a month. Progress toward safety management targets by contractors is managed and information is shared.   |

**General Education and Training Regarding Occupational Health and Safety**

|                     | Japan Business Sites   | Overseas Business Sites  |
|---------------------|--|--|
| SMM Group companies | Education is provided as stipulated in the Japanese Industrial Safety and Health Act (new employee training, special education, training when starting hazardous or potentially harmful operations, etc.) and places for gaining qualifications are provided. Risk response training, such as accident response, is also provided. | Implemented and managed accordingly by each business site.   |
| Regular contractors | Education is provided as stipulated in the Japanese Industrial Safety and Health Act (new employee training, special education, training when starting hazardous or potentially harmful operations, etc.) and places for gaining qualifications are provided. Risk response training, such as accident response, is also provided. | Coral Bay Nickel Corporation, and Taganito HPAL only: Education is provided during operation halts, etc. |

**Work-Related Incidents**

\*Employees\* includes employees and part-time workers from group companies

|   | Japan  |      |                              |                   | Overseas*   |      |                      |                |
|---|--|------|------------------------------|-------------------|---|------|----------------------|----------------|
|   | Employees  |      | Non-employee workers         |                   | Employees   |      | Non-employee workers |                |
|   | Accidents  | Rate | Accidents                    | Rate              | Accidents   | Rate | Accidents            | Rate           |
| Number of work-related accidents resulting in fatality and frequency rate (Calculated per 1,000,000 hours, same applies below) <input checked="" type="checkbox"/>                          | 0  | 0    | 0                            | 0                 | 0   | 0    | 0                    | — <sup>6</sup> |
| Number of work-related accidents resulting in disability and frequency rate <input checked="" type="checkbox"/>   | 0  | 0    | 0                            | 0                 | 0   | 0    | 0                    | — <sup>6</sup> |
| Number of work-related accidents requiring reporting and frequency rate <input checked="" type="checkbox"/>   | 23   | 1.71 | 9                            | 3.29 <sup>7</sup> | 5   | 1.61 | 6                    | — <sup>6</sup> |
| Main types of work-related incidents  | Getting caught between objects, getting tangled in objects, lacerations, contact with harmful substances, results of movements or unreasonable actions, falls, stumble, tumbles, impact injuries   |      |                              |                   | Getting caught between objects, getting tangled in objects, lacerations, stumble, contact with harmful substances   |      |                      |                |
| Cumulative hours worked   | 13,417,350 hours   |      | 2,734,000 hours <sup>5</sup> |                   | 3,098,667 hours <sup>5</sup>  |      | — <sup>6</sup>       |                |
| Number of potential incidents <sup>1</sup>  | 25   |      | 8                            |                   | 7   |      | 5                    |                |
| Sources of work-related hazards that lead to disability, and method of determination  | 1) Heavy loads, 2) chemicals, 3) high-temperature objects, 4) rotating objects, 5) electricity, 6) high places, 7) heavy machinery, 8) cylinders, 9) hand tools<br>Classified based on analysis of past incidents  |      |                              |                   | 1) Heavy loads, 2) chemicals, 3) high-temperature objects, 4) rotating objects, 5) electricity, 6) high places, 7) heavy machinery, 8) cylinders, 9) hand tools<br>Applied based on the results of analysis of incidents in Japan |      |                      |                |
| Incidents leading to disabilities and resulting from sources of work-related hazards, and actions taken or underway to eliminate these hazards using the hierarchy of controls <sup>1</sup> | <ul style="list-style-type: none"> <li>High place (resulting in absence from work): Improve the management of wear and tear of attachable safety equipment and inspect measures to prevent falls from high places</li> <li>Rotating object (resulting in absence from work): Improve any lockout and interlock deficiencies and attach covers</li> <li>Cylinder (not resulting in absence from work): Visualize and eliminate residual pressure through equipment improvements</li> <li>Stumble (resulting in absence from work): Standardize safe working practices for loading platforms (including physical measures)</li> <li>Chemicals (resulting in absence from work): Ensure safe platforms (in relation to openings), strengthen education regarding harmful properties of chemicals</li> </ul> |      |                              |                   | N/A   |      |                      |                |
| Incidents resulting from other sources of workplace hazards and actions taken or underway to eliminate these hazards using the hierarchy of controls <sup>1</sup>                           | <ul style="list-style-type: none"> <li>Flying objects (resulting in absence from work): Make inspections of grease gun nozzles and hoses regular, review the way they are being held and personal protective equipment</li> </ul>  |      |                              |                   | N/A   |      |                      |                |

1. Hierarchy of controls: An approach for lowering risk to acceptable levels through prioritization as follows: Elimination of source of risk → Substitution of source of risk → Engineering controls → Administrative controls → Personal protective equipment  
Source: The US National Institute for Occupational Safety and Health (NIOSH)  
2. "Workplace accidents requiring reporting" is the total of injuries that required hospital treatment and resulted in absence from work and injuries not resulting in absence from work.  
3. The number of minor incidents (visited the hospital but no treatment needed).  
4. The Pogo Gold Mine business was transferred to another company in September 2018, so it is only included in these statistics up to August 31.  
5. Estimated based on one person working 2,000 hours per year.  
6. Not calculated, as contractor work hours tend to be fluid.  
7. This indicator is outside the scope of independent assurance.

**Work-Related Ill Health**

\*Employees\* includes employees and part-time workers from group companies

|   | Japan   |                      | Overseas  |                      |
|---|---|----------------------|---|----------------------|
|   | Employees   | Non-employee workers | Employees   | Non-employee workers |
| Number of fatalities as a result of work-related ill health   | 0   | — <sup>2</sup>       | 0   | 0                    |
| Number of cases of recordable work-related ill health   | 0   | — <sup>2</sup>       | 0   | 0                    |
| Primary types of work-related ill health and method of determination  | As stated in the Japanese occupational health and safety laws and regulations<br><ul style="list-style-type: none"> <li>Pneumoconiosis</li> <li>Ionizing radiation injury</li> <li>Organic solvent poisoning</li> <li>Damage caused by specified chemical substances (occupational cancer, skin damage, etc.)</li> <li>Lead poisoning</li> <li>Vibration-induced damage</li> <li>Noise-induced hearing loss</li> <li>Occupational dental problems (dental erosion, etc.)</li> </ul> |                      | As stated in occupational health and safety laws and regulations of each country <sup>1</sup> |                      |
| Sources of work-related hazards that lead to ill health   | <ul style="list-style-type: none"> <li>Dust</li> <li>Ionizing radiation</li> <li>Organic solvents</li> <li>Lead</li> <li>Vibrating tools</li> <li>Noise</li> <li>Substances that erode the teeth (acids)</li> </ul>   |                      | — <sup>3</sup>  |                      |
| Incidents resulting from sources of work-related hazards leading to illness and actions taken or underway to eliminate these hazards using the hierarchy of controls <sup>1</sup> | <ul style="list-style-type: none"> <li>No work-related ill health occurred that required treatment</li> <li>Implementing improvements to working environments at business sites, with Control Class 3 workplaces as a priority</li> <li>Using a risk assessment database of chemical substances to prevent illness</li> </ul>   |                      | No work-related ill health occurred that required treatment                                   |                      |

1. Hierarchy of controls: An approach for lowering risk to acceptable levels through prioritization as follows: Elimination of source of risk → Substitution of source of risk → Engineering controls → Administrative controls → Personal protective equipment  
Source: The US National Institute for Occupational Safety and Health (NIOSH)  
2. Under Japanese laws and regulations, for workers other than employees, this falls under the responsibility and management of the businesses that hire them, so while we provide leadership, we are unable to disclose information.  
3. For overseas business sites, depending on the laws and regulations of each country, we investigate whether work-related ill health certification is present and the names of relevant laws and regulations, but we do not investigate details.  
4. Regarding employees in Japan, we also record the number of workers who receive abnormal findings but do not require treatment (as this is personal information, it is not disclosed).

## Sustainability Data



### Stakeholder Communication

#### Stakeholder Engagement

| Stakeholders <sup>1</sup>   | Stance on initiatives   | Specific initiatives  |
|-----------------------------|---|---|
| Customers                   | We engage in communication primarily through sales personnel. Comments received are handled at the management level through the management systems of the individual businesses.  | <ul style="list-style-type: none"> <li>Introduce products on our website and post contact information along with them.</li> </ul>   |
| Shareholders and Investors  | To carry out appropriate IR activities, we have established an IR Policy that has standards and methods of information disclosure and is on our website. Comments received are regularly reported to management and are put to use in administration of the company.  | <p>For institutional investors and analysts:</p> <ul style="list-style-type: none"> <li>Hold Business Strategy Progress Briefing Sessions (2 times/year)</li> <li>Hold telephone conferences on the content of financial reports (4 times/year, with simultaneous Japanese to English interpretation)</li> </ul> <p>For individual investors:</p> <ul style="list-style-type: none"> <li>Publish The Report for Shareholders (2 times/year)</li> <li>Hold a briefing (3 time/year)</li> </ul>   |
| Employees                   | <p>We regularly give explanations and have meetings with labor unions in Japan and employee representatives overseas to hear their requests and opinions. We also have a system for discussions with individual employees and conduct an employment awareness survey.</p> <p>If there will be changes to work that significantly impact employees, we set an appropriate notification period in advance. (Example: At a subsidiary slated for a transfer of business, we briefed employees one month before the transfer was completed and ensured their continued employment.)</p> | <p>Japan:</p> <ul style="list-style-type: none"> <li>Hold labor-management council meetings, labor-management discussions (1 time/month)</li> <li>Hold a Central Labor Management Conference (1 time/year)</li> <li>Set individual job targets at the start of the fiscal year, and hold talks between individual employees and their supervisors to ascertain the progress being made toward the targets (2 times/year)</li> </ul> <p>Overseas:</p> <ul style="list-style-type: none"> <li>Establish opportunities for regularly explaining management status to employee representative organizations, and for hearing the opinions and requests of employees</li> </ul> <p>In response to requests for safety and work environment improvements put forth in labor-management discussions, we confirm the conditions and enact the necessary improvement measures.<br/>(Examples: Measures to combat heat stroke in summer and measures to prevent contact accidents; use of machines for work with high physical burdens)</p> |
| Local Communities           | We establish opportunities for regular communication with local communities, prepare environments that facilitate mutual understanding, and actively undertake a variety of activities for becoming a part of the communities.  | <ul style="list-style-type: none"> <li>Hishikari Mine: Hold Pollution Prevention Council meetings (2 times/year)</li> <li>CBNC: Hold regular information exchanges with 22 barangays,<sup>3</sup> including 11 "impact barangays" near Rio Tuba.</li> <li>THPAL: Hold regular information exchanges with 14 barangays, including 4 neighboring "impact barangays."</li> </ul> <ul style="list-style-type: none"> <li>CBNC: Construct facilities required by each barangay, support schools by providing educational supplies and materials required for operation, offer free medical support for local communities, and promote livelihood support activities that facilitate self-sufficiency.<sup>2</sup></li> <li>THPAL: Spread organic rice cultivation methods with the help of technical experts, help elderly in the area with daily necessities, and support educational advancement through scholarships, etc.<sup>2</sup></li> </ul>   |
| Business Partners           | Based on our excellent relationships with business partners, each of our departments actively engages in everyday communication and exchanges of ideas.   | <ul style="list-style-type: none"> <li>Hold safety training for subcontractors so they can work safely</li> <li>Have patrols that evaluate the construction status of buildings, to improve the skills of construction firms handling SMM Group products</li> </ul>   |
| Civil Society Organizations | While gaining the understanding and cooperation of citizens groups toward the construction and operation of plants, we keep impact to the local environment to a minimum and work toward co-existence with the natural environment.   | <ul style="list-style-type: none"> <li>Hold regular exchanges of opinion with the international environmental NGO Friends of the Earth Japan regarding their findings on topics such as the water quality of rivers around the CBNC and THPAL plants, both in the Philippines. Implement necessary improvement measures that reference the group's opinions and recommendations. (2 times/year)</li> </ul>  |
| Government Agencies         | We conduct regular exchanges of information and discussions with local government administrative agencies, industry bodies, and other organizations in regions where we have business sites and affiliated companies.   | Hold regular information exchange meetings with the public security sections of police stations near our workplaces (1 time/month)  |

There were no complaints to the SMM Group regarding society, and 17 complaints concerning the environment. These are being handled appropriately.

1. Stakeholders on which SMM has an impact and which have an impact on SMM are defined as customers, shareholders, employees, local communities, creditors, business partners, civil society organizations, and government agencies.

2. Part of our SDMP (Social Development and Management Program) initiative.

3. Barangay: the smallest administrative division that makes up cities and towns in the Philippines, and denotes a village, district, or ward.

#### Main Organizations in Which SMM Has Membership

| Organization  | Responsibilities of SMM officers and employees   | Initiatives relating to public policy   |
|---|--|---|
| Japan Business Federation (Keidanren)                                       | Executive member; participation in the following committees: New Industry and Technology, Canada, Environment and Safety, Oceanic Resources, International Cooperation, China, South Asia, Japan-Myanmar Economic, Japan-Brazil Economic, Gender Diversity, National Resilience, the Tokyo 2020 Olympic and Paralympic Games, Energy and Resources (Planning sub-committee), Labor Legislation (Occupational Health and Safety subcommittee) | As a unified business organization with the goal of making improvements to the autonomous growth of the domestic economy and to public life, we act reliably and swiftly after gathering opinions from the business world with regards to various internal and external economic challenges   |
| Japan Mining Industry Association   | Director; participation in the following committees and others: Mining Reserves (chairman and deputy chairman), Planning and Coordination, Energy, Overseas Development, Environmental Management, Customs Duties, Funds, Supply and Demand, Taxation, Exploration and Development, Sulfide Ore and Sulfuric Acid, the Special Committee for Depletion Allowance Measures and Safety Promotion   | Submission of mining industry policy requests to relevant government agencies regarding electricity fee issues, taxation, resource development, smelting and recycling technology, mine safety, and development of employee training. Members to be sent to government-sponsored investigative committees to present industry viewpoint.  |
| The Sulphuric Acid Association of Japan                                     | One director; participation in the General Affairs Committee, Business Affairs Committee, Technical Committee, and Editorial Committee   | Communicating policy and information from the Manufacturing Industries Bureau of the Ministry of Economy, Trade and Industry to member companies and compiling and presenting requests from member companies  |
| International Council on Mining and Metals (ICMM)                           | Practice the ICMM 10 Basic Principles. Promote ICMM activities and participate in each of the following programme committees: Communications, Environment, and Social & Economic Development Committee, and the Health & Safety Committee.   | <ul style="list-style-type: none"> <li>Environment</li> <li>Initiatives for biodiversity, climate change, and water management</li> <li>Health and safety</li> <li>Initiatives for sharing information on health and safety and the elimination of accidents</li> <li>Materials stewardship</li> <li>Initiatives for science-based chemical substance management and supply chain management</li> <li>Society and economy</li> <li>Initiatives to contribute to the economic development of society by the mining industry</li> </ul> |
| Japan Electronics and Information Technology Industries Association (JEITA) | Participate in Electronic Components Board and Dielectric Ceramics Committee   | Collection of various statistics, and participation in reviews of regulations, standards, environmental measures and other issues   |
| Battery Association of Japan  | Associate member   | Promotion of measures related to recycling, quality performance, and product safety that will be required in the future as demand for secondary batteries increases.  |

## Sustainability Data

### Partnerships with Outside Organizations

SMM participates in the international organizations listed below, issues declarations of support, complies with the organizations' rules, and supports their activities. As a company in the mining and metal refining industries, we undertake initiatives for the sustainable development demanded of us.

- International Council on Mining and Metals (ICMM) <https://www.icmm.com/>
- Extractive Industries Transparency Initiative (EITI) <https://eiti.org/>

### Involvement with the International Community

#### The 10 Principles of the ICMM

- Principle 1:** Apply ethical business practices and sound, transparent systems of corporate governance to support sustainable development
- Principle 2:** Integrate sustainable development in corporate strategy and decision-making processes
- Principle 3:** Respect human rights and the interests, cultures, customs and values of employees and communities affected by our activities
- Principle 4:** Implement effective risk-management strategies and systems based on sound science and which account for stakeholder perceptions of risks
- Principle 5:** Pursue continual improvement in health and safety performance with the ultimate goal of zero harm
- Principle 6:** Pursue continual improvement in environmental performance issues, such as water stewardship, energy use and climate change
- Principle 7:** Contribute to the conservation of biodiversity and integrated approaches to land-use planning
- Principle 8:** Facilitate and support the knowledge-base and systems for responsible design, use, re-use, recycling and disposal of products containing metals and minerals
- Principle 9:** Pursue continual improvement in social performance and contribute to the social, economic and institutional development of host countries and communities
- Principle 10:** Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner. Effectively report and independently verify progress and performance

The SMM Group reflects the ICMM 10 Principles in our CSR and other policies, and publishes reports in line with GRI guidelines, as mandated for ICMM member companies. In addition, we comply with the ICMM Position Statements that embody the 10 Principles, and otherwise engage in a variety of actions as a member company.

ICMM has set forth the following position statements to supplement its 10 Principles. The SMM Group is committed to complying with these initiatives.

- Transparency of mineral revenues
- Principles for climate change policy design
- Mercury risk management
- Mining and protected areas
- Indigenous peoples & mining
- Mining partnerships for development
- Water stewardship
- Tailings governance

#### The EITI Principles

- |  |  |  |
|--|--|--|
| <p>1. We share a belief that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic and social impacts.</p> <p>2. We affirm that management of natural resource wealth for the benefit of a country's citizens is in the domain of sovereign governments to be exercised in the interests of their national development.</p> <p>3. We recognise that the benefits of resource extraction occur as revenue streams over many years and can be highly price dependent.</p> <p>4. We recognise that a public understanding of government revenues and expenditure over time could help public debate and inform choice of appropriate and realistic options for sustainable development.</p> | <p>5. We underline the importance of transparency by governments and companies in the extractive industries and the need to enhance public financial management and accountability.</p> <p>6. We recognise that achievement of greater transparency must be set in the context of respect for contracts and laws.</p> <p>7. We recognise the enhanced environment for domestic and foreign direct investment that financial transparency may bring.</p> <p>8. We believe in the principle and practice of accountability by government to all citizens for the stewardship of revenue streams and public expenditure.</p> <p>9. We are committed to encouraging high standards of transparency and accountability in public life, government operations and in business.</p> | <p>10. We believe that a broadly consistent and workable approach to the disclosure of payments and revenues is required, which is simple to undertake and to use.</p> <p>11. We believe that payments' disclosure in a given country should involve all extractive industry companies operating in that country.</p> <p>12. In seeking solutions, we believe that all stakeholders have important and relevant contributions to make— including governments and their agencies, extractive industry companies, service companies, multilateral organisations, financial organisations, investors, and non-governmental organisations.</p> |
|--|--|--|

## Other

### Economic Performance

#### Distribution of Economic Value to Stakeholders (FY2018)

| Stakeholder            | Amount (billions of yen) | Details                        |
|------------------------|--------------------------|--------------------------------|
| Suppliers              | 786.7                    | Payments to suppliers          |
| Employees              | 65.4                     | Payments to employees          |
| Shareholders/Creditors | 39.6                     | Payments of dividends/interest |
| Government             | 11.9                     | Taxes paid                     |
| Society* <sup>1</sup>  | 1.0                      | Donations                      |

Other than the above, there is retained value of ¥30.9 billion. Rent for use of land is minimal and therefore included in "Payments to suppliers."

\*<sup>1</sup> Society: In the Philippines (CBNC, THPAL), the ¥0.9 billion expended through the social development management program (SDMP) and other contributions in the same country is included.

#### Financial Assistance from the Government (FY2018)

| Stakeholder | Amount (billions of yen) | Details                 |
|-------------|--------------------------|-------------------------|
| Government  | 0.3                      | Subsidies, grants, etc. |

No governments have an equity stake in SMM

#### Projected Benefit Obligation

The SMM Group has adopted both funded and unfunded defined benefit plans and defined contribution plans for allocating retirement benefits to its employees. Its defined benefit obligations as of March 31, 2019 were ¥73.8 billion, which include funded defined benefit obligations of ¥71.9 billion , and pension assets available for allocation to those funded defined benefit obligations were ¥68.0 billion .

### External Recognition

#### List of Main External Awards (FY2018)

| Recognition (awarding party)  | Date              | Recipients  | Award received for  |
|---|-------------------|---|---|
| The Prize for Creativity in the Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology     | April 10, 2018    | Three employees of Quality Control Section at Ohkuchi Materials Co., Ltd. | Tackled the issue of "mitigating sampling burden in advance inspection process" through small-group activities. Eliminated inspector tasks involving heavy objects by introducing the use of automatic sampling devices. Also realized considerable cost reductions and the mitigation of tasks by cutting back on inspection man-hours.  |
| Japan Business Federation Chairman's Special Award (Invention and Innovation Awards)  | June 12, 2018     | Sumitomo Metal Mining Co., Ltd.   | Received this award for superior scientific and technological progress in hydrometallurgical refining for nickel oxide ore and for the contribution that the remarkable effect of implementing that method made toward the enhancement of science and technology and the advancement of the industry.   |
| Health, Labour and Welfare Minister's Award for Outstanding Offices for the Employment of Persons with Disabilities                               | September 4, 2018 | Ohkuchi Materials Co., Ltd.   | The objective of this award is to stimulate the motivation of persons with disabilities to have vocational independence and to further the concern and understanding of citizens and employers regarding the employment of disabled persons. Won by employees in Ohkuchi Materials Co., Ltd. technical division.  |
| The Japan Society for Analytical Chemistry Medal of Merit   | September 3, 2018 | Sumitomo Metal Mining Co., Ltd., Harima Refinery                          | This award is granted to individuals who make special contributions in the course of their practical work in analysis, etc. over a number of years. Won by two employees involved with practical analysis duties.   |
| Mine Safety Promotion Council Chairman's Award  | October 11, 2018  | Sumitomo Metal Mining Co., Ltd., Hishikari Mine                           | Recognized for remarkable record of efforts to prevent accidents and incidents in mining and other operations.  |
| Award for Rightful Service in Hazardous Materials Engineer Operations   | November 9, 2018  | Sumitomo Metal Mining Co., Ltd., Ome District Division                    | Was awarded from Tokyo Metropolitan Ome City Fire Station for proactively promoting safety management operations for many years.  |
| 2018 Presidential Mineral Industry Environmental Award (Department of Environment and Natural Resources of the Philippines)                       | November 23, 2018 | Coral Bay Nickel Corporation  | Was awarded the 2018 Presidential Mineral Industry Environmental Award which is the highest in the nation's mining industry, by the Department of Environmental and Natural Resources of the Philippines for the fifth consecutive year.  |
| 2018 Platinum Award of the Presidential Mineral Industry Environmental Award (Department of Environment and Natural Resources of the Philippines) | November 23, 2018 | Taganito HPAL Nickel Corporation  | Was awarded the 2018 Platinum Award of the Presidential Mineral Industry Environmental Award (second place) by the Department of Environmental and Natural Resources of the Philippines. Simultaneously received Hall of Fame Award from the Philippine Department of Trade and Industry for being the Top Export Performer in the Mineral Sector for the past three consecutive years. |